

# PROFITING HIGHER EDUCATION?

A research report by  
Public Agenda, with  
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Kresge Foundation

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What Students, Alumni  
and Employers Think  
About For-Profit Colleges



## Profiting Higher Education? What Students, Alumni and Employers Think About For-Profit Colleges

A Report from Public Agenda by  
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and Christopher DiStasi

Sponsored by The Kresge Foundation

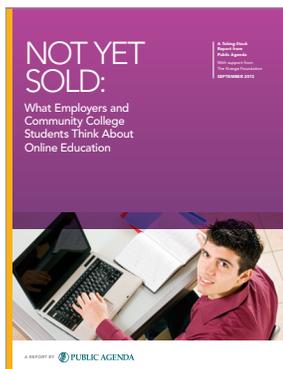
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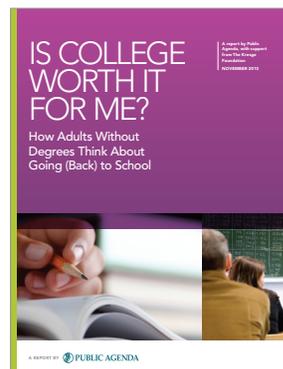
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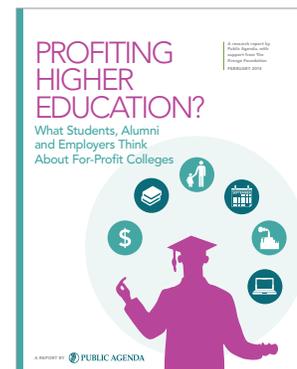
This report is one in a series on critical issues and populations in higher education. The research was funded by The Kresge Foundation.



**Not Yet Sold:**  
What Employers and  
Community College  
Students Think About  
Online Education



**Is College Worth  
It For Me?**  
How Adults Without  
Degrees Think About  
Going (Back) to School



**Profiting Higher  
Education?**  
What Students, Alumni  
and Employers Think  
About For-Profit Colleges

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# PROFITING HIGHER EDUCATION?

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# EXECUTIVE SUMMARY

*How do students and alumni of for-profit colleges feel about their schools and the value of their education?*

*Do they have distinct expectations, priorities and needs compared with students who choose to study at not-for-profit institutions?*

*Are prospective students effectively weighing their options before deciding to enroll at for-profit schools?*

*For employers, how do for-profit colleges compare with not-for-profit institutions as a source for job applicants?*

These are the sorts of questions this research attempts to answer. It was prompted by the increasing prevalence of for-profit colleges in the higher education sector and debates over the value of these schools. Largely missing from the discussion so far have been the perspectives of for-profit students themselves and those of employers who might hire them. This study gives voice to these central stakeholders.

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*Public Agenda conducted this research with support from The Kresge Foundation. Data were collected through nationally representative surveys of 197 current for-profit undergraduates, 249 for-profit alumni and 803 adult prospective students, including 105 adults who are considering enrolling at a for-profit college or university in the future. These interviews were conducted by telephone and online. In addition, Public Agenda collected regionally representative survey data across four U.S. metropolitan areas from 656 human resources professionals who hire for positions that require postsecondary credentials. These interviews were completed over the phone. Public Agenda also conducted focus groups with employers and adult prospective students for this research.*

## These are the main findings from this research:

**Finding 1. For-profit undergraduates aren't comparative shoppers. Most considered only one school before enrolling.**

Just about 4 in 10 undergraduate students at for-profit colleges say they seriously considered other schools before enrolling at their current institutions. Rarely do these students compare for-profit with not-for-profit

institutions—for most it is either/or. In fact, the “for-profit college” concept is largely unknown among these students; most are unsure whether their schools are for-profit or not. Moreover, adult prospective students interested in for-profit schools are more likely than others to say they learned about colleges from advertisements.

**Finding 2. Adult prospective students who are considering for-profit colleges have some distinct expectations, priorities and needs.**

Among adults without degrees who are considering going back to school, those interested in enrolling at for-profit institutions are more likely than others to be drawn to schools that offer online classes, accelerated degrees, personal guidance from career counselors, financial aid advisers and tutors, and practical, work-related experience.

**Finding 3. For-profit undergraduates and alumni laud their schools on key quality indicators, but many worry about the cost—and ultimate value—of their education.**

Current for-profit undergraduates are generally highly satisfied with the quality of their instructors, tutors and advisers, as well as with the structure and efficiency of

their programs. Alumni, too, praise their former schools on many measures. At the same time, both current students and graduates are concerned about the financial burden they have taken on. While current undergraduates remain optimistic that college will pay off in the form of better jobs and higher incomes, only a minority of for-profit alumni are certain their credentials were worth their cost.

**Finding 4. Either employers are neutral on whether for-profit or public colleges provide a higher-quality education, or they give an edge to public institutions.**

Employers know comparatively little about the for-profit colleges in their metropolitan areas, but they have favorable views of the for-profits they do know. When asked to compare for-profit colleges in general with public sector institutions on a range of quality indicators, about half of employers perceive few differences. The other half typically view public institutions as superior on a number of counts, including preparing students to work at their organizations.

## Questions and Considerations Emerging from This Research

We conclude this report with several specific questions and considerations that we think deserve further discussion and research. In brief:

**1. Why aren't students considering a wider range of schools? How can they be helped to have a broader view of their options?**

More needs to be done to help future students understand the value of comparing different schools. Prospective students want and need better opportunities, online and in person, to engage with and evaluate quality indicators and other information about colleges and programs, including information on how different schools are governed and funded.

This research also raises questions about whether more needs to be done to level the playing field of higher education marketing. Currently, for-profit institutions dominate the higher education advertisement arena.

For prospective students to be exposed to a broader range of information and choices, not-for-profit schools may need to develop smart ways to communicate through advertising.

**2. Would for-profit undergraduates be equally as satisfied at public institutions where they might earn an equivalent degree but worry less about costs? Or are they better served at for-profit institutions?**

Adult prospective students who are interested in for-profits are particularly attracted to schools that offer accelerated degree programs, online classes and personal guidance from career counselors, financial aid advisers and tutors. For-profit undergraduates rate their schools highly in these and other quality measures, but they are concerned about the cost of their education—more so than, for example, community college students.

Could community colleges and public four-year institutions improve their offerings in these respects, still keep tuition costs low and thus become a viable alternative for for-profit students? Many promising initiatives are attempting to make community colleges more labor-market oriented, efficient and cost-effective. If successful, these programs could mean significant shifts in the higher education market toward public sector institutions.

**3. How do students' experiences and prospects vary depending on what type of for-profit they are attending and the kind of credential they are pursuing? And do employers' views vary across employment sectors?**

It will be important for future research to examine how the views and experiences of students and other stakeholders vary across different types of for-profits, geographic regions and labor markets, degree programs and other factors. Future analyses should also explore whether the perspectives of employers toward for-profit and other colleges vary depending on employers' job sectors and the types of positions they hire for. Such research can help foster an increasingly sophisticated discussion about the roles and value of for-profit colleges in the higher education sector overall.

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# INTRODUCTION

The for-profit higher education sector has attracted significant attention over the past few years—both from enthusiasts and from critics. For-profit colleges and universities—most notably large, national and online schools such as the University of Phoenix, DeVry University and ITT Technical Institute—have seen a steep increase in student enrollment, from serving about 4.7 percent of the undergraduate student population in the 2000–2001 academic year to about 13.3 percent in the 2011–2012 academic year, peaking at nearly 14 percent in the 2010–2011 academic year.<sup>1</sup> And they have become increasingly visible through their ubiquitous advertisements and proactive—some would say aggressive—recruitment strategies.

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Supporters argue that the for-profit sector has been a source of innovation in higher education, including by being an early leader in the rapid expansion of online education. They maintain that the for-profit sector has increased access to higher education for older students with substantial family responsibilities and those who are looking to gain postsecondary credentials that are directly applicable in the workplace and can be completed in a relatively efficient manner. For-profit colleges have also been lauded for their ability to respond quickly to changing labor market demands and for using both teacher and student performance data to improve services and streamline curricula.<sup>2</sup> Critics, however, hold that in too many instances for-profit schools lure students to enroll in comparatively expensive programs when these students could instead get a less expensive degree—and perhaps a better education—from a public institution.<sup>3</sup> And increased regulatory pressure on for-profit schools may have contributed to a recent decline in student enrollment across the sector.

## Many different for-profits

To be sure, the for-profit higher education sector comprises a varied group of schools. Many for-profit institutions (48 percent of all Title IV–eligible for-profits) are less than two-year schools that typically offer certificate and diploma programs in specific professional fields.<sup>4</sup> These schools tend to be small, local institutions. Nationally, however, 84 percent of all undergraduates at Title IV–eligible for-profits are enrolled in two- and four-year institutions, many of which operate across several states or online.<sup>5</sup> There are also some for-profits that specialize in graduate programs, with no or only a small amount of undergraduate activity.<sup>6</sup> And many more for-profit institutions are not accounted for in federal higher education statistics because they are not Title IV eligible and hence are not required to report enrollment and performance statistics to the U.S. Department of Education.

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<sup>1</sup> Based on total 12-month unduplicated head count of undergraduate students at Title IV–participating institutions; calculations by the authors using November 2013 data from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System. Notably, as student enrollment declined across higher education in recent years, for-profits have seen a proportionally greater decline in enrollment than private not-for-profits and public sector schools.

<sup>2</sup> For example, Frederick M. Hess and Michael B. Horn, *Private Enterprise and Public Education* (New York: Teachers College Press, 2013).

<sup>3</sup> For example, Committee on Health, Education, Labor and Pensions, *Emerging Risk?: An Overview of Growth, Spending, Student Debt and Unanswered Questions in for-Profit Higher Education* (Washington, D.C.: U.S. Senate, 2010); Committee on Health, Education, Labor and Pensions, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success*, (Washington, D.C.: U.S. Senate, 2012); Mamie Lynch, Jennifer Engle, and José L. Cruz, *Subprime Opportunity: The Unfulfilled Promise of for-Profit Colleges and Universities* (Washington, D.C.: The Education Trust, 2010).

<sup>4</sup> Based on full list of Title IV–participating institutions, by sector, 2012; calculations by the authors, using November 2013 data from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

<sup>5</sup> Based on total 12-month unduplicated head count of undergraduate students at Title IV–participating institutions, 2011–2012; calculations by the authors, using November 2013 data from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

<sup>6</sup> In 2012, of all credentials awarded by Title IV–eligible for-profit institutions, 51 percent were certificates or diplomas, 24 percent were associate's degrees, 15 percent were bachelor's degrees and 10 percent were master's, Ph.D.s and postgraduate credentials. Based on full list of Title IV–participating institutions, by sector, 2012; calculations by the authors, using November 2013 data from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

Several other classification systems have been proposed to capture the diversity of the for-profit higher education sector. For example, Deming, Goldin and Katz use the term *independent* to describe schools that operate in only one state and with one or just a few campus locations. They use the term *chains* for schools that operate across five or more campuses and often across several states, while the term *online chains* refers to schools that attract students from all over the country—and sometimes the world. Chains and online chains are typically publicly traded companies, while independent schools are more likely to be privately held businesses.<sup>7</sup> Also see the Institute for Higher Education Policy’s report *A New Classification Scheme for For-Profit Institutions*.<sup>8</sup>

### Limited data, mixed results

The sector’s diversity poses challenges for research that seeks to better understand the experiences and outcomes of students at different types of higher education institutions, including for-profit schools. Existing federal data do not capture the wide variety of students and institutions that make up the sector.<sup>9</sup> Comparisons with other institutions and students are hampered by selection factors, differences in mission among schools and a lack of program-level information and long-term student outcomes, to name a few.<sup>10</sup>

Notwithstanding these challenges, some statistics on the sector and its students do exist and are informing the national conversation on for-profit higher education. For example, students at two- and four-year for-profit colleges on average pay more in tuition and fees than their counterparts at community colleges and public universities.<sup>11</sup> Although for-profit institutions enroll only a small proportion of the undergraduate student

population, they receive a disproportionate percentage of federal financial aid dollars (25 percent of total Department of Education student aid program funds in 2009-2010), and accounted for 47 percent of federal student loan defaults by 2011.<sup>12</sup> Compared with public and private not-for-profit colleges, the graduation rates of for-profits are better for certificate programs, about the same for associate’s degree programs and worse for bachelor’s degree programs.<sup>13</sup> And most recent research suggests that labor market outcomes for graduates of for-profit colleges are comparable to those for graduates of not-for-profit institutions once demographic differences and other selection factors are taken into account.<sup>14</sup>

These performance statistics raise many questions about for-profit higher education, including questions about the perspectives of some key stakeholders:

#### students and employers.

- *How do students and alumni of for-profit colleges feel about their schools and the value of their education?*
- *Do they have distinct expectations, priorities and needs compared with students who choose to study at not-for-profit institutions?*
- *Are prospective students effectively weighing their options before deciding to enroll at for-profit schools?*
- *For employers, how do for-profit colleges compare with not-for-profit institutions as a source for job applicants?*

<sup>7</sup> David J. Deming, Claudia Goldin and Lawrence F. Katz, *The for-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?*, NBER Working Paper No. 17710 (Cambridge, Mass.: National Bureau of Economic Research, 2011). See also David Deming, Claudia Goldin and Lawrence Katz, “For-Profit Colleges,” *The Future of Children* 23, no. 1 (2013): 137–63.

<sup>8</sup> Institute for Higher Education Policy, *A New Classification Scheme for For-Profit Institutions* (Washington, D.C.: Institute for Higher Education Policy, 2012).

<sup>9</sup> For example, the Beginning Postsecondary Students Longitudinal Study (BPS) (most recent cohort 2004–2009) is limited to first-time postsecondary students and follows them for only six years. This fails to account for older students who may return to finish programs they started more than six years ago or earn additional certificates and degrees. Moreover, the Integrated Postsecondary Education Data System collects data only from postsecondary institutions that are Title IV eligible or applying for eligibility.

<sup>10</sup> Kinser, Kevin. *For-Profit Institutions Need to Be Classified, Too*. *Chronicle of Higher Education* 53, no. 30 (2007).

<sup>11</sup> Average net costs at different types of schools: public four-year, \$11,020; public two-year, \$6,772; for-profit four-year, \$22,620; for-profit two-year, \$19,352. See <http://nces.ed.gov/pubs2013/2013170.pdf>, table 4a, “Average net price of attendance.”

<sup>12</sup> Committee on Health Education Labor and Pensions, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Washington, D.C.: U.S. Senate, 2012).

<sup>13</sup> Deming, Goldin and Katz, “For-Profit Colleges”; *ibid.*, *The for-Profit Postsecondary School Sector*.

<sup>14</sup> Kevin Lang and Russell Weinstein, *The Wage Effects of Not-for-Profit and for-Profit Certifications: Better Data, Somewhat Different Results*, NBER Working Paper No. 19135 (Cambridge, Mass.: National Bureau of Economic Research, June 2013); Stephanie Riegg Cellini and Latika Chaudhary, *The Labor Market Returns to a for-Profit College Education*, NBER Working Paper No. 19135 (Cambridge, Mass.: National Bureau of Economic Research, 2012).

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# THIS RESEARCH

To better understand the firsthand experience of for-profit students, as well as the perspective of employers on for-profit higher education, Public Agenda, with support from The Kresge Foundation, conducted representative surveys of the following groups:

- Undergraduate students currently enrolled in certificate or degree programs at for-profit colleges, including less than two-year, two-year, and four-year programs
- Alumni of for-profit colleges who have completed certificate and undergraduate degree programs since 2006
- Adults without degrees who are considering enrolling in college in the next 24 months to earn postsecondary credentials
- Human resources professionals (employers)

These surveys were informed by an extensive literature review as well as qualitative data collected through focus groups with employers and adult prospective students. More detail on this study's sampling and methodology can be found at the end of this report.

The study looks at the for-profit sector overall; it does not, unless specifically stated, differentiate among different kinds of for-profit colleges. While we believe such a differentiated examination of the sector is warranted for some research questions and hope to conduct such research at a future time, we also believe that the overview perspective we provide here is a useful step forward at this early stage of assessing the place and impacts of for-profits in the larger higher education system.

With this research, we hope to introduce new perspectives to the national conversations about for-profit higher education and to advance efforts to serve the nation's increasingly diverse student body. There are many questions that remain to be answered about the role and potential of for-profit colleges. But in our view, understanding the experiences, knowledge, beliefs and preferences of for-profit students and employers provides vital context for policymakers, future students and taxpayers concerned about the changing landscape of higher education. The report concludes with considerations and questions that emerge from this research. We hope they will spark useful reflections and conversations among those working to improve the way higher education serves students and society.

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<sup>15</sup> Based on IPEDS classification of higher education institutions.

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# SURVEY PARTICIPANTS

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The survey findings in this research report are based on nationally representative samples of:

**197 undergraduate students who are enrolled at for-profit colleges.** Respondents qualified for this study if, at the time of the interview, they were enrolled as students at an institution that, in spring 2013, was listed in the National Center for Education Statistics' Integrated Postsecondary Education Data System (IPEDS) as a for-profit college and who sought to complete a certificate, associate's degree or bachelor's degree. Some key characteristics of our sample include the following:

- 77 percent attend a "four-year or more" school; 15 percent are enrolled in a "two-year" school; and 8 percent are enrolled in a "less than two-year" school.<sup>15</sup>
- 45 percent look to graduate from their current school with a bachelor's degree; 32 percent seek an associate's degree; and 23 percent plan to earn a certificate or other credential at their current school.

**249 alumni of for-profit institutions who earned certificates or undergraduate degrees.** Respondents qualified for this study if they graduated between 2006 and 2013 with a certificate, an associate's degree or a bachelor's degree from an institution that, in spring 2013, was listed in the IPEDS as a for-profit college. Some key characteristics of this sample include the following:

- 58 percent graduated from a "four-year or more" school; 24 percent earned their credential at a "two-year" school; and 18 percent earned it at a "less than two-year" school.
- 33 percent earned a bachelor's degree; 28 percent graduated with an associate's degree; and 40 percent received a certificate or diploma from a for-profit school.

## **803 adults without degrees who are considering college (adult prospective students).**

Respondents qualified for this study if they were between 18 and 55 years of age, graduated high school before 2013, had not yet earned an associate's or bachelor's degree and were not currently enrolled as a student at a higher education institution but said it was likely they would enroll at a college within the next two years in order to complete a postsecondary certificate or degree program.

- 514 (64 percent) of these respondents were able to name at least one school they are interested in; 20 percent of those said they are interested in a for-profit school.

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This research also draws on survey findings from a regionally representative sample of:

## **656 human resources professionals (employers).**

Respondents qualified for this study if they were responsible for hiring at medium- and large-sized companies in four major American metropolitan areas—Philadelphia, Los Angeles, Detroit and El Paso/Las Cruces—and if they indicated that positions in their companies (at least some of the time) required applicants to have a postsecondary credential.

*Detailed characteristics of each of the samples can be found at the end of this report.*

<sup>15</sup> Based on IPEDS classification of higher education institutions.



# MAIN FINDINGS



## For-profit undergraduates aren't comparative shoppers. Most considered only one school before enrolling.

*Summary:* Just about 4 in 10 undergraduate students at for-profit colleges say they seriously considered other schools before enrolling at their current institutions. Rarely do these students compare for-profit with not-for-profit institutions—for most it is either/or. In fact, the “for-profit college” concept is largely unknown among these students; most are unsure whether their schools are for-profit or not. Moreover, adult prospective students interested in for-profit schools are more likely than others to say they learned about colleges from advertisements.

Education leaders, the federal government and philanthropy are investing increasing time and effort to make comparative information about colleges more easily accessible and engaging so that students can make informed—and presumably better—decisions about their education. Our data, however, suggest that many students are far from being the kinds of comparative shoppers leaders and experts would like them to be.

Most for-profit undergraduates say they hadn't considered more than one school before they decided where to enroll—only 4 in 10 (39 percent) say they had. And just about 3 in 10 for-profit alumni (32 percent) say they seriously considered different schools before deciding on the one where they eventually earned their credentials.

These students are even less likely to compare for-profit with not-for-profit institutions before enrolling. Without awareness of the distinction between for- and not-for-profit institutions (more below), it still appears to be the case that students are typically drawn to either not-for-profit institutions or for-profit schools, but rarely to both. Just 20 percent of current for-profit undergraduates and 11 percent of for-profit alumni list not-for-profit colleges as the ones they had seriously considered or were previously enrolled in. Among adult prospective students—that is, adults without degrees who are considering college—we found that just 1 in 4 who are considering for-profit schools also name not-for-profit institutions as possible alternatives.

Our companion research with current community college students suggests that “comparative shopping” is uncommon among other types of college students, too.



Only **4 in 10** for-profit undergrads considered more than one school.

Just **20%** of for-profit undergrads and **11%** of alumni considered not-for-profit colleges.

Less than 4 in 10 community college students (37 percent) say they seriously looked into alternative schools before enrolling at their community colleges. Moreover, just 7 percent say they considered for-profit institutions before enrolling at their community colleges.<sup>16</sup>

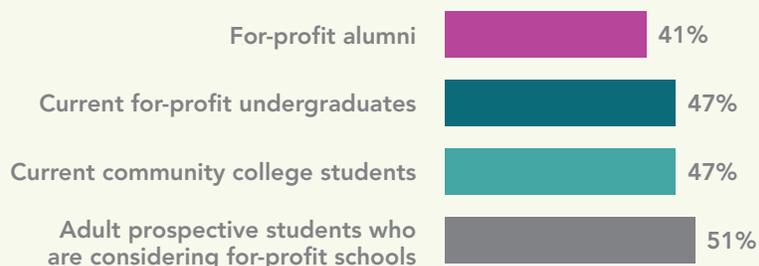
### “For-profit college”: A little-known concept among for-profit undergraduates

Our research also reveals a surprising unfamiliarity with the concept “for-profit college” among both current and prospective for-profit undergraduates and among those who have completed their credentials. In response to an open-ended question—“When you hear the term *for-profit college*, what, if anything, comes to mind?”—nearly half of current and prospective for-profit students (47 percent and 51 percent, respectively) and 41 percent of for-profit alumni say “Nothing comes to mind” (see figure 1).

Students who have associations with the term “for-profit college” typically mention the words *business*, *money* or *expensive*—that is, 58 percent of current for-profit undergraduates who have associations with the term suggest those words. Virtually no one mentions the name of a specific school.

Many for-profit undergraduates and alumni—as well as community college students—are unfamiliar with the term *for-profit college*.

Figure 1: Percent who say “Nothing comes to mind” when they hear the term *for-profit college*:



For full survey results go to: <http://www.publicagenda.org/pages/profitting-higher-education>

<sup>16</sup> For this project, we researched a number of populations regarding a number of higher education topics. Not all data have been included in the three reports related to this project, including much of our research with community college students. To learn more about our research with community college students or see more survey results contact Public Agenda at [chagelskamp@publicagenda.org](mailto:chagelskamp@publicagenda.org)

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Moreover, when they were asked about their own schools, we found that 65 percent of for-profit undergraduates and 63 percent of for-profit alumni are unsure whether theirs is a for-profit school or not. And an additional 12 percent of currently enrolled for-profit undergraduates believe their schools are not-for-profit.

Our companion data with current community college students also support the notion that “for-profit college” is not a well-understood concept. We found that nearly half of current community college students (47 percent) say “Nothing comes to mind” when they hear the term *for-profit college*. Moreover, 2 in 3 community college students say they are unsure whether their schools are for-profit or not, and 10 percent believe their schools are for-profit institutions.<sup>17</sup>

Yet, unfamiliarity with the concept does not mean future students wouldn’t consider it valuable information to know whether schools operate as for-profit or not-for-profit institutions. In deliberative focus group conversations with adult prospective students, we observed that when participants had the chance to learn more about how different types of schools are funded and governed, they responded with thoughtful questions and considerations. Many felt this information could help them evaluate their options more carefully. These focus group observations are discussed in more detail in our report “Is College Worth It for Me?”<sup>18</sup>

### More aware of college advertisements and recruiters

This research also supports the assumption, common among education leaders and researchers, that for-profits are particularly successful in attracting students through advertising and active recruiting.<sup>19</sup> In our survey with adult prospective students, we found that the majority of these adults (64 percent) say they have learned about colleges from TV commercials, billboards and other advertisements. Adults who are interested in for-profits specifically are even more likely than those who are not considering for-profit schools to say they have learned about colleges through advertisements (75 percent vs. 60 percent). These adults are also more likely to say they have spoken to college recruiters who promote and market specific schools (51 percent vs. 40 percent). In turn, adults who are interested in for-profit schools are somewhat less likely to learn about colleges from friends and family than are adults who are considering only not-for-profit schools. (See figure 2.)

### Is my school for-profit or not?

**65%** of for-profit undergrads are unsure; **12%** think their schools are not-for-profit.

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<sup>17</sup> To learn more about the methodology of our research with current community college students and view more survey results, contact Public Agenda at [chagelskamp@publicagenda.org](mailto:chagelskamp@publicagenda.org)

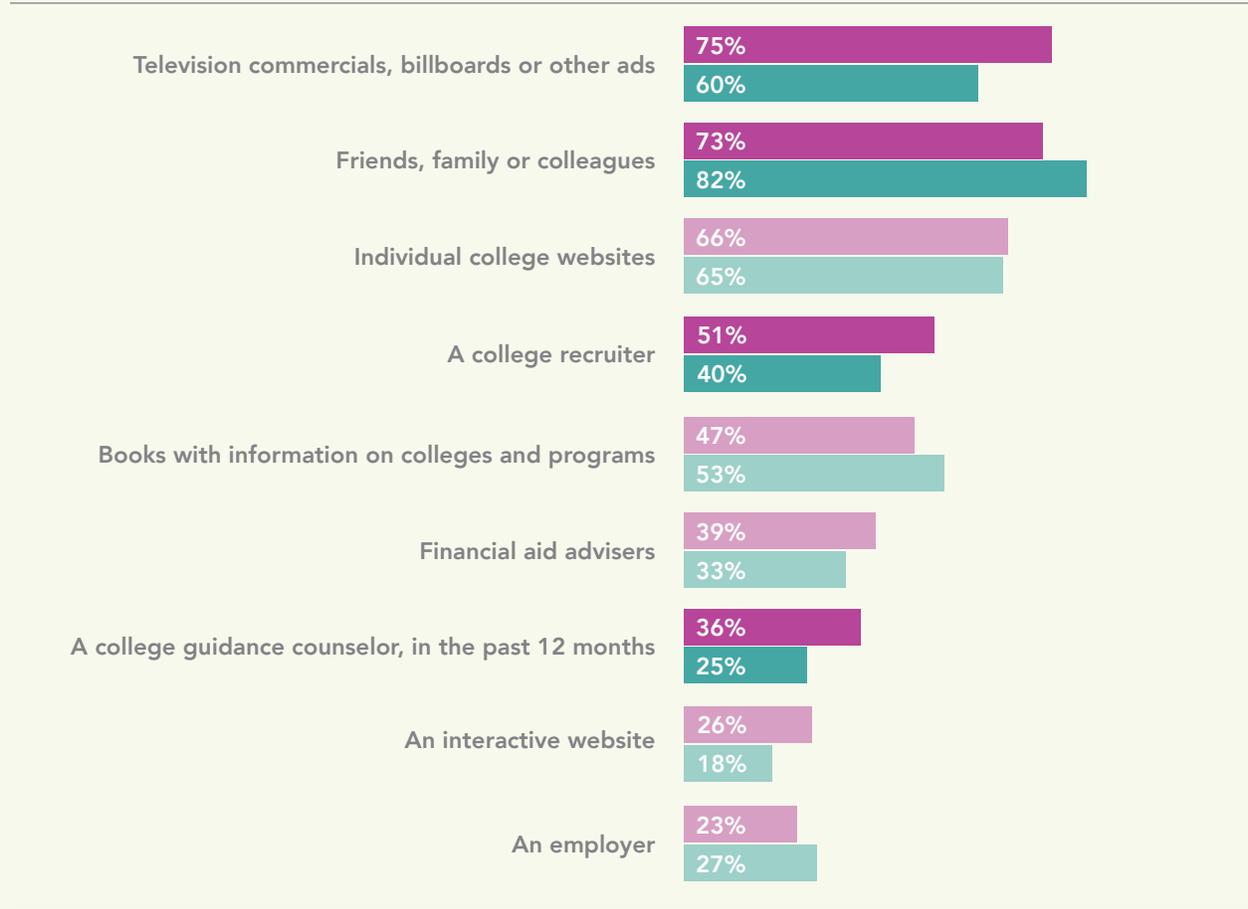
<sup>18</sup> Hagelskamp, Carolin, David Schleifer and Christopher DiStasi, *Is College Worth It for Me?: How Adults Without Degrees Think About Going (Back) to School* (New York: Public Agenda, 2013), <http://www.publicagenda.org/pages/is-college-worth-it-for-me>

<sup>19</sup> Center for Analysis of Postsecondary Education and Employment, *For-Profit Colleges: Growth, Outcomes, Regulation* (New York: Community College Research Center, Columbia University, 2013); Deming, Goldin and Katz, *For-Profit Colleges*.

Adults interested in for-profits are more likely to learn about colleges through advertisements and from college recruiters.

**Figure 2: Percent of adult prospective students who have learned about colleges from the following sources, by the types of schools in which they are interested:**

Note: Dark color bars indicate a statistically significant difference between the views of those who consider a for-profit and those who don't; light color bars indicate that no statistically significant difference was found.



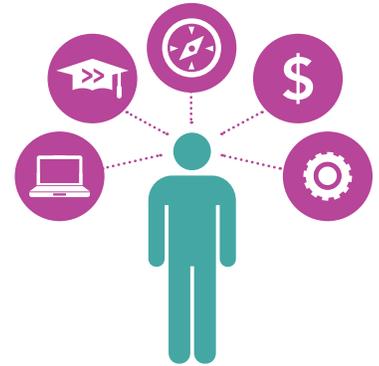
Interested in for-profit schools      Interested only in public or private not-for-profit schools

Base: Adult prospective students who name at least one specific school they are considering for their studies (n = 514).



## Adult prospective students who are considering for-profit colleges have some distinct expectations, priorities and needs.

*Summary:* Among adults without degrees who are considering going back to school, those interested in enrolling at for-profit institutions are more likely than others to be drawn to schools that offer online classes, accelerated degrees, personal guidance from career counselors, financial aid advisers and tutors, and practical, work-related experience.



Federal data highlight demographic differences between for-profit students and students enrolled at public two-year and four-year institutions. Compared with both community college students and students at four-year public universities, for-profit students are more likely to be black or Hispanic, single parents, and from lower-income households with less educated parents. They are also more likely to be over 25 and female.<sup>20</sup>

Although these numbers constitute important information, they only let education leaders speculate over what it is that draws prospective students to different types of institutions. Our research sought to dig deeper and directly ask adults specifically interested in for-profits or not-for-profits what they care most about in their searches.

Just about two-thirds (64 percent) of the adult prospective students we surveyed were able to name specific schools in which they are interested. The rest said they had not yet looked into specific schools. Among those who could name at least one school they are considering, 20 percent named for-profit institutions. Below, we compare their views with those of adult prospective students who consider only public or not-for-profit private colleges.

<sup>20</sup> National Center for Education Statistics. *Students Attending For-Profit Postsecondary Institutions: Demographics, Enrollment Characteristics, and 6-Year Outcomes*. (Washington, D.C.: U.S. Department of Education, 2011); ; also see Anna S. Chung, "Choice of for-Profit College," *Economics of Education Review* 31, no. 6 (2012).

## Shared priorities, but also distinct expectations and needs

First of all, we found that adult prospective students, no matter what types of schools they say they are interested in, have similar priorities as they are thinking about college. Over 70 percent in each group say it is absolutely essential that their instructors care about students and know how to teach, that a school has affordable tuition and that they gain knowledge and skills that are directly relevant in the workplace (see figure 3).

But our data also show that adults who are interested in for-profits do have some different priorities from those of adults interested in public or private not-for-profit institutions, as some education researchers have previously suggested.<sup>21</sup> We found that adult prospective students who are considering for-profit schools are more likely than other adult prospective students to say that being able to graduate quickly is absolutely essential for them (52 percent vs. 36 percent). They are also more likely to say it's essential that a school offers online classes (44 percent vs. 34 percent), which may explain why they care somewhat less than other adult prospective students whether or not the school is conveniently located (40 percent vs. 55 percent). (See figure 3.)

Adult prospective students overall tend to be attracted to schools that offer hands-on help from career counselors, financial aid advisers and tutors. But we found that adults who are considering for-profit schools are especially drawn to schools that offer these types of services. For example, 77 percent say that they would be a lot more interested in a school if it offered them help finding a job in the field they are interested in, while 63 percent of adults who are considering only not-for-profit institutions say that. Seventy-five percent of adults who are interested in for-profits say they are a lot more attracted to a school that provides hands-on help with financial aid applications, compared with 59 percent of other adult prospective students who say that. (See figure 4.)

An intriguing finding concerns guidance counseling. While adults who are interested in for-profit schools are only somewhat more likely to have spoken to college guidance counselors in the past year (36 percent vs. 25 percent; see figure 2), they are a lot more likely to have found the information they received from these counselors "extremely helpful" compared with adults who are interested only in not-for-profit institutions (72 percent vs. 45 percent). Assuming the former group spoke guidance counselors at for-profit schools and the latter spoke to those at not-for-profit schools, these data seem to suggest that guidance counselors at for-profit schools may be doing a better job of responding to prospective students' priorities and needs. Some observers, however, may argue that guidance counselors at for-profit schools are simply better salespeople. Whether they do a better job at helping potential students find the colleges that best meet their needs or are just better recruiters remains an open question.

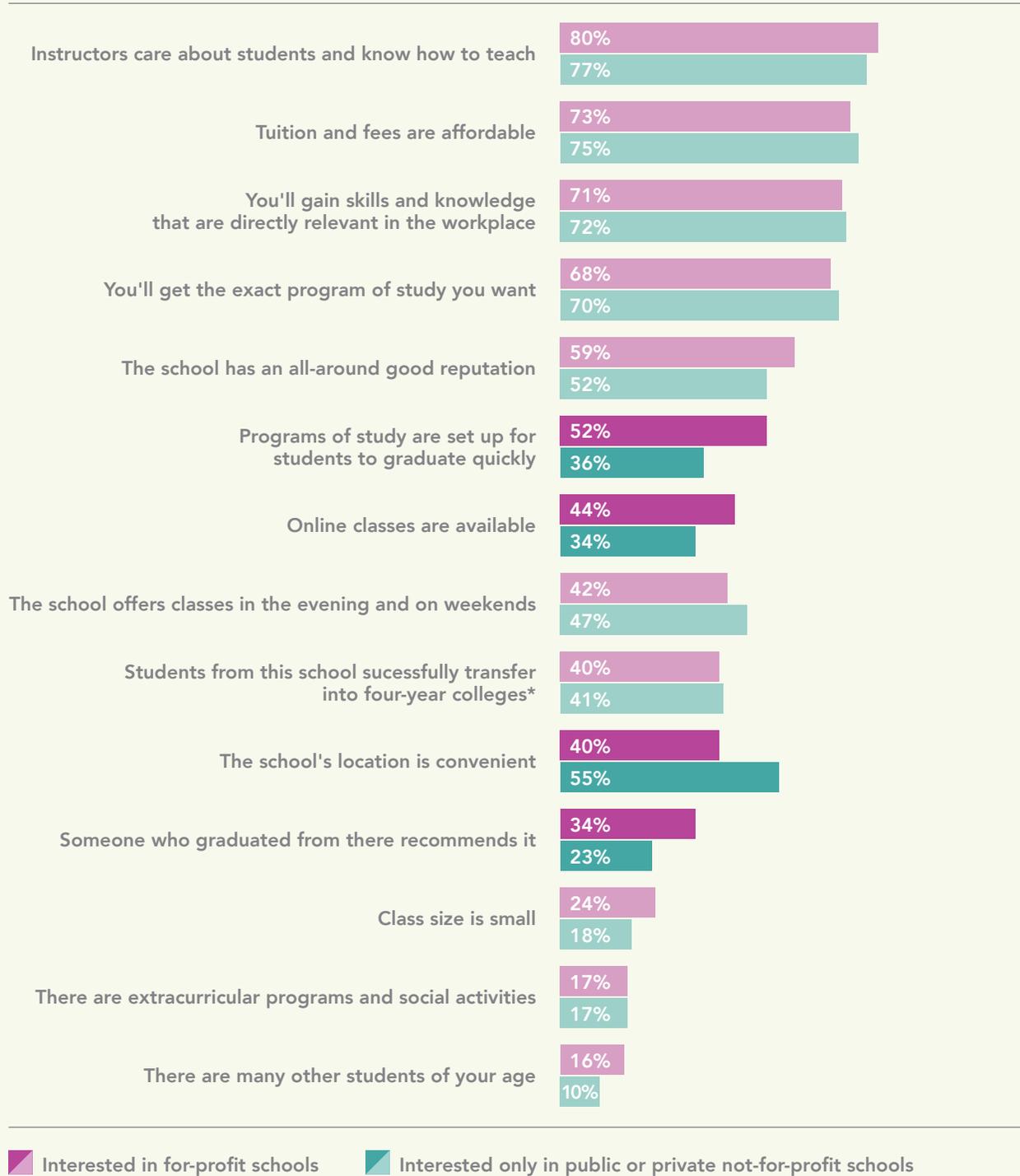


<sup>21</sup> Center for Analysis of Postsecondary Education and Employment, *For-Profit Colleges: Growth, Outcomes, Regulation*; Thomas W. Bailey, "Increasing Competition and Growth of the for-Profits," in *Defending the Community College Equity Agenda*, ed. Thomas W. Bailey and Vanessa Smith Moresst (Baltimore: Johns Hopkins University Press, 2006).

Adults interested in for-profit schools are more likely to look for accelerated programs and online courses.

Figure 3: Percent of adult prospective students who say the following are absolutely essential when they are choosing a school, by the types of schools in which they are interested:

Note: Dark color bars indicate a statistically significant difference between the views of those who consider a for-profit and those who don't; light color bars indicate that no statistically significant difference was found.



Base: Adult prospective students who name at least one specific school they are considering for their studies (n = 514).

\* Base: Adults who say they want to earn a certificate or associate's degree (as final degrees or before enrolling at a four-year school) and those who say they want to take a few classes at a two-year school before enrolling in a four-year program.

Adults interested in for-profits are especially attracted to schools that offer hands-on support services.

**Figure 4: Percent of adult prospective students who say they would be a lot more interested in a school if they knew the following, by the types of schools in which they are interested:**

Note: Dark color bars indicate a statistically significant difference between the views of those who consider a for-profit and those who don't; light color bars indicate that no statistically significant difference was found.



Base: Adult prospective students who name at least one specific school they are considering for their studies (n= 514).



## For-profit undergraduates and alumni laud their schools on key quality indicators, but many worry about the cost—and ultimate value—of their education.

*Summary:* Current for-profit undergraduates are generally highly satisfied with the quality of their instructors, tutors and advisers, as well as the structure and efficiency of their programs. Alumni, too, praise their former schools on many measures. At the same time, both current students and graduates are concerned about the financial burden they have taken on. While current undergraduates remain optimistic that college will pay off in the form of better jobs and higher incomes, only a minority of for-profit alumni are certain their credentials were worth their cost.

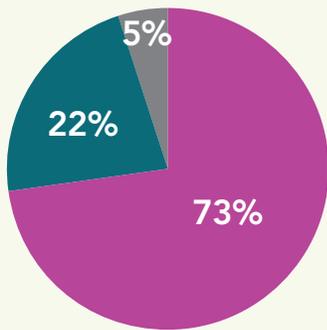


### High marks for teaching quality, student support and efficiency

The vast majority of for-profit undergraduates (73 percent) prefer a program of study that emphasizes structure and efficiency over one that allows them to explore different classes and areas of interest before deciding what to focus on. And it seems that their schools meet these needs. Virtually all these students (92 percent) agree that their programs of study allow them to make good progress, and only very few students (10 percent) say it is a problem getting the classes they need at the time they need them. (See figures 5 through 7.)

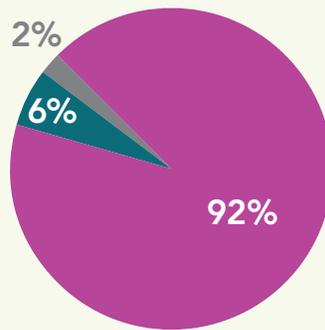
Current for-profit undergraduates say their schools allow them to efficiently complete their programs.

Figure 5: Percent of current for-profit undergraduates who prefer one of the following over the other:



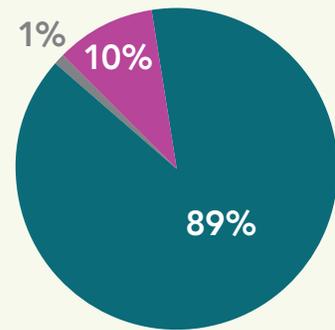
- A clearly structured program that lays out the exact courses and exams you need to take to graduate on time
- Being able to explore different classes and areas of interest before deciding what to focus on
- Don't know/other

Figure 6: Percent of current for-profit undergraduates who say their program allows them to make good progress or not:



- Allows me to make good progress
- It holds me up
- Don't know/other

Figure 7: Percent of current for-profit undergraduates who say it is a problem getting the classes they need at the times they need them or not:



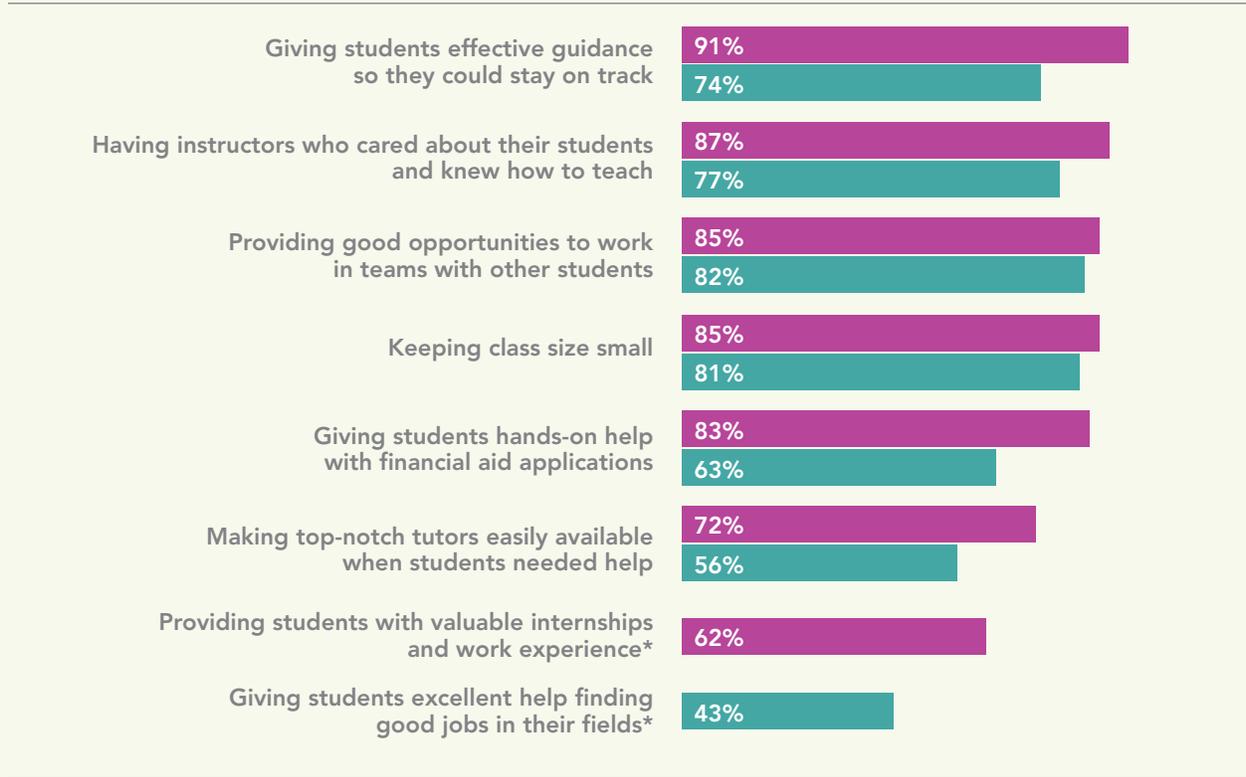
- It is a problem getting the classes I need at the times I need them
- It is not a problem
- Don't know/other

Moreover, nearly all current undergraduates say that their schools are giving students guidance and support to stay on track and that their instructors care about them and know how to teach. Similarly, 83 percent of for-profit undergraduates say their schools succeeded in providing them with hands-on help on their financial aid applications. These students also praise their schools for keeping class size small and for providing good opportunities for students to work in teams. (See figure 8.)

Although not quite as often as current for-profit students, for-profit alumni, too, tend to laud their schools on many measures. For example, 77 percent of for-profit alumni say their schools succeeded in providing instructors that care about students and know how to teach. Even more say their schools succeeded in keeping class size small and in providing opportunities for students to work in teams. The majority of these graduates also report that their schools did a good job at helping students stay on track and providing hands-on help with financial aid applications. (See figure 8.)

### For-profit undergraduates and alumni are satisfied with their schools on key quality measures.

Figure 8: Percent who say their schools are succeeding in each of the following:



\* Just one group was asked this question.

■ Current for-profit undergraduates    ■ For-profit alumni

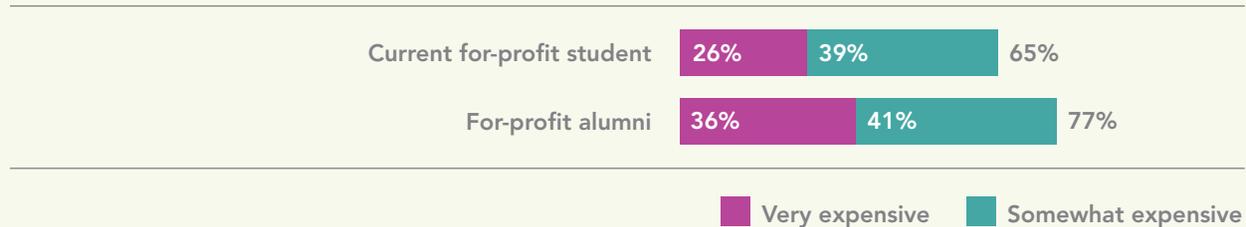
## Concerns about the costs of college

**47%** of for-profit undergrads worry a lot about taking on too much debt.

A great worry among both current undergraduates and alumni of for-profit schools is the financial burden of their education. Most current students (65 percent) consider their schools expensive (see figure 9). Nearly 7 in 10 (69 percent) report they have taken out loans to pay for college, and nearly half (47 percent) say they worry a lot about taking on too much debt. Similarly, the majority of for-profit alumni agree their schools were expensive (77 percent feel this way), and 83 percent took out loans to pay for it.<sup>22</sup> Overall, these for-profit students are more concerned about the cost of their education than, for example, their counterparts in community colleges. (See side box, “Are these views unique to for-profit undergraduates and alumni?”)

Most for-profit undergraduates and alumni find their schools expensive.

Figure 9: Percent who say their schools are very or somewhat expensive:



## Divided on whether credentials are worth their price

The views of current for-profit students and their graduated counterparts diverge when it comes to estimating the value of their education in the labor market.

Even though current for-profit undergraduates worry about the cost of college, the vast majority (80 percent) remain confident that completing their certificates or degrees will greatly improve their chances of finding good jobs and earning good incomes—something that 80 percent say is their main reason for pursuing a postsecondary credential in the first place.

For-profit alumni, however, are far more skeptical about the value of their education. Just over a third (37 percent) feel getting their degree was well worth it. Another third (32 percent) say that it was not; and 30 percent say it remains to be seen. (See figure 10.) Even among alumni who graduated before 2012 and who have had more time to test the value of their credentials in the labor market, most (70 percent) do not say that getting their certificates or degrees was “well worth it.”

<sup>22</sup> Our findings are consistent with the 2012 data from the National Center for Education Statistics’ National Postsecondary Student Aid Study, which found that 64–76 percent of for-profit students, across different types of institutions, take out student loans; in contrast, between 18 and 56 percent of students at public two- and four-year colleges take out student loans. Radwin, David, Jennifer Wine, Peter Siegel and Michael Bryan. 2011–12 *National Postsecondary Student Aid Study (NPSAS:12): Student Financial Aid Estimates for 2011–12* (NCES 2013-165). (Washington DC: U.S. Department of Education, National Center for Education Statistics, 2013).

## ARE THESE VIEWS UNIQUE TO FOR-PROFIT STUDENTS AND ALUMNI?

The vast majority of credentials awarded through for-profit institutions are at the undergraduate level, with less than two-year certificates and two-year associate's degrees making up around 75 percent of all credentials.<sup>23</sup> Our companion research with community college students thus constitutes suitable—though admittedly not perfect—data against which to evaluate how unique current for-profit undergraduates' views are.

In brief, we find that community college students and their undergraduate counterparts at for-profit colleges are equally satisfied with their schools on many quality measures and optimistic about the future payoff of their degrees. However, community college students show fewer financial concerns than for-profit undergraduates. For example, while nearly half (47 percent) of for-profit students say they worry a lot about taking on too much debt, only about a third of community college students (34 percent) report that worry. Similarly, the majority of for-profit undergraduates (64 percent) consider their schools expensive, while just 3 in 10 community college students feel this way. These differences are somewhat reduced, but do not disappear, when we focus the comparison only on for-profit undergraduates enrolled in less than four-year degree programs.<sup>24</sup>

Moreover, available research is mixed on the question of whether for-profit alumni in our study may be especially skeptical about the value of their degrees or perhaps just as skeptical as recent graduates in general. In McKinsey & Company's 2012 study of a sample of recent graduates (albeit not representative), 30 percent of alumni from four-year, mostly not-for-profit schools and 40 percent of alumni from two-year, mostly not-for-profit schools said college did not prepare them well for employment—which corresponds to the 37 percent of for-profit alumni in our study who say their colleges did a fair or poor job teaching them the skills and knowledge that are relevant for the workplace.<sup>25</sup> At the same time, data collected through the Beginning Postsecondary Education Survey (2004/09) suggest that undergraduates who have ever been enrolled at a for-profit school are more likely to be dissatisfied with their undergraduate education and more likely to have doubts about the value of their degree, compared with those who have never been enrolled at a for-profit.<sup>26</sup>

Much more research is needed to better understand how for-profit undergraduates' and alumni's experiences and assessments of their schools compare over the long term with those of their contemporaries from other types of institutions; see Questions and Considerations at the end of this report.

We do acknowledge that we spoke with alumni of for-profit colleges during a down job market, which is likely to have affected their perspectives—in fact, for-profit alumni who are working for pay, we found, are twice as likely to say that earning their credential was well worth it, compared with those who report being unemployed (46 percent vs. 23 percent).

Nevertheless, it is the case that, at least in this study, many for-profit graduates put some blame on their schools for not preparing them adequately for the job market. Nearly 4 in 10 (37 percent) feel their schools did only a fair or poor job teaching them knowledge and skills that are directly relevant in the workplace (see figure 11). And just 43 percent say their schools succeeded in giving students excellent help in finding jobs in their field (see figure 8).

<sup>23</sup> In 2012, of all credentials awarded by Title IV-eligible for-profit institutions, 51 percent were certificates or diplomas, 24 percent were associate's degrees, 15 percent were bachelor's degrees and 10 percent were master's, Ph.D.s and postgraduate credentials. Based on full list of Title IV-participating institutions, by sector, 2012; calculations by the authors, using November 2013 data from the U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System.

<sup>24</sup> To see more survey results and learn more about the methodology of our research with community college students, contact Public Agenda at [chagelskamp@publicagenda.org](mailto:chagelskamp@publicagenda.org)

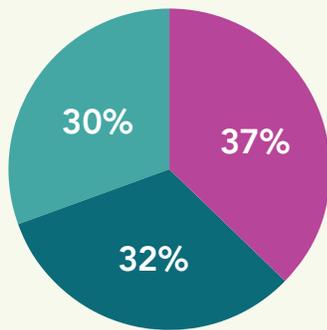
<sup>25</sup> McKinsey on Society and Chegg Inc., *Voice of the Graduate* (New York: McKinsey & Co., 2013).

<sup>26</sup> Calculated in Deming, Goldin and Katz, "For-Profit Colleges"; *ibid*, based on the National Center for Education Statistics. Beginning Postsecondary Students Longitudinal Study (BPS:04/09). (Washington, D.C.: U.S. Department of Education, 2004/09).

Perhaps most striking, 4 in 10 (44 percent) for-profit alumni conclude that their schools cared more about making money than educating students (see figure 12). Among current for-profit students, just 20 percent feel that way, perhaps indicating some retrospective disappointment among alumni in their schools.

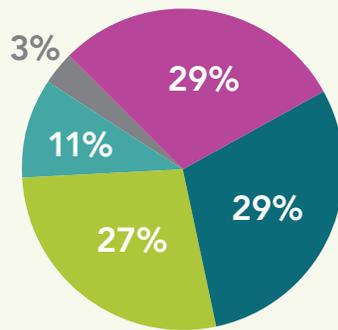
For-profit alumni are ambivalent as to whether their certificates and degrees have paid off or not.

Figure 10: Percent of for-profit alumni who say their degree was well worth it, that it really wasn't worth it, or that it remains to be seen:



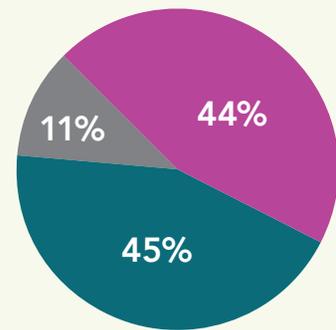
- Well worth it
- Really wasn't worth it
- Remains to be seen

Figure 11: Percent of for-profit alumni who say their schools did an excellent or poor job teaching them real-world skills that help them succeed in the workplace:



- Excellent
- Good
- Fair
- Poor
- Don't know/refused

Figure 12: Percent of for-profit alumni who say their schools cared either more about making money or more about educating students:



- Cared more about making money
- Cared more about educating students
- Don't know/other

Numbers within one chart may not add up to 100 percent due to rounding.

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## In need of more information and engagement

Perhaps it is not surprising that despite their financial concerns, most current for-profit undergraduates (61 percent) do not know how much debt the average student from their school graduates with. And despite their confidence that their education will pay off, just 31 percent of current for-profit students say they know a “great deal” about the types of jobs and salaries graduates from their programs of study get.

With the benefit of hindsight, however, 7 in 10 for-profit alumni say that students should pay “a great deal” of attention to information on student debt, before enrolling at a school. And 72 percent of alumni recommend prospective students should pay “a great deal of attention” to information about the types of jobs and salaries graduates typically get, before enrolling at a school.

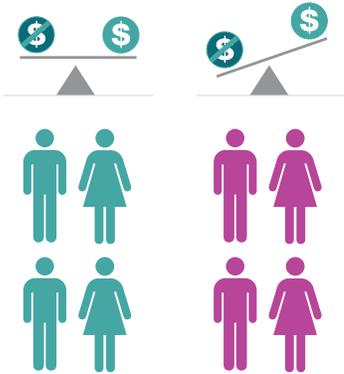
These alumni’s insights still need to be bestowed upon prospective students. As we present in our previous report “Is College Worth It for Me?,” most adults who are considering college don’t find college performance metrics, including information on average student debt and labor market outcomes, essential for their college search.<sup>27</sup> In that report, and in more concise form in the Questions and Considerations section at the end of this report, we offer some ideas about how to better engage future students on information that can help them make more informed decisions about college.

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<sup>27</sup> Hagelskamp, Schleifer and DiStasi, *Is College Worth It for Me?: How Adults Without Degrees Think About Going (Back) to School*.



## Either employers are neutral on whether for-profit or public colleges provide a higher-quality education, or they give an edge to public institutions.



*Summary:* Employers know comparatively little about the for-profit colleges in their metropolitan areas, but they have favorable views of the for-profits they do know. When asked to compare for-profit colleges in general with public sector institutions on a range of quality indicators, about half of employers perceive few differences. The other half typically view public institutions as superior on a number of counts, including preparing students to work at their organizations.

### Low familiarity with for-profit schools

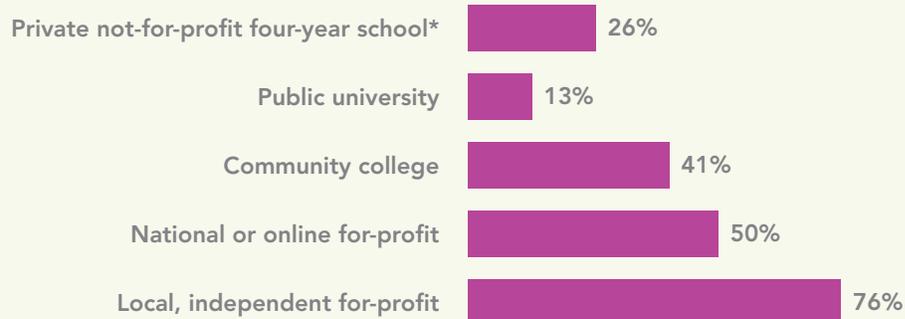
When given names of specific for-profit colleges in their area and asked about their quality, many employers do not recognize the names or say they haven't heard anything about those schools. In fact, 3 in 4 (76 percent) say they don't know enough to judge the quality of a randomly chosen local, independent for-profit school, and half say they can't evaluate the quality of a specific national chain or online for-profit institution.<sup>28</sup> In contrast, 41 percent of employers say they haven't heard anything about a specific local community college. Employers are most likely to recognize the names of local private not-for-profit schools and four-year public universities in their region. (See figure 13.)

To the extent that employers know and feel equipped to judge specific for-profits in their area, the majority says these schools are providing an excellent or good education. At the same time, employers tend to rate public institutions and private not-for-profits in their region more highly than they rate for-profit schools. (See figure 14.)

<sup>28</sup> For these questions, each employer was read the names of several schools—randomly chosen from pre-defined lists of higher education institutions with a physical location in their area—and asked whether they consider the quality of education and training of each of these schools to be excellent, good, only fair, or poor. To see the lists of specific schools included in this study, across the four metropolitan areas where the survey was conducted, e-mail Public Agenda at the address on the back cover of this report.

## Employers lack knowledge of specific for-profit schools in their area.

Figure 13: Percent of employers who do not know anything about a specific local school in each of the following categories:



Note: In each category, respondents were asked to rate a local school randomly selected from a list of five major local schools. This graph displays the percent of employers who replied "Don't know" or "I have not heard anything about the school."

\* Base: Participants from Los Angeles, Detroit and Philadelphia. Because there were no private not-for-profit four-year schools in the El Paso-Las Cruces metropolitan area, participants from that area are not included in this statistic.

## Most employers rate the for-profits they know positively; even more rate public institutions highly.

Figure 14: Percent of employers who rate the quality of a specific school in their area as excellent or good, among those who say they know something about the school:



Note: In each category, respondents were asked to rate a local school randomly selected from a list of five major local schools.

\* Base: Participants from Los Angeles, Detroit and Philadelphia. Because there were no private not-for-profit four-year schools in the El Paso-Las Cruces metropolitan area, participants from that area are not included in this statistic.

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## Partiality for public sector institutions

To further assess whether employers show partiality toward one type of education sector or the other, we asked all survey respondents to directly compare the for-profit sector in general with both community colleges and public four-year universities, respectively (see figures 15 and 16).

Across a range of measures, we found that many employers view the for-profit sector as similar in quality to public sector institutions, particularly when comparing for-profit schools with community colleges. For example, about half of employers don't think that for-profit colleges differ significantly from community colleges in their capacity to teach students important knowledge and skills or in their capacity to prepare students to work in their companies (see figure 15).

Among those employers who do see differences between for-profits and community colleges, however, community colleges come out ahead. For example, employers are more than twice as likely to rate community colleges more highly than for-profits at teaching students important knowledge and skills (28 percent vs. 11 percent). They are nearly three times as likely to rate community colleges more highly than for-profits at preparing students to work in their company (31 percent vs. 11 percent). Moreover, only a few employers (16 percent) feel for-profit schools are better than community colleges at providing professional development opportunities for employees. (See figure 15.)

Employers' partiality toward public sector institutions is even more apparent when employers are asked to compare for-profit schools with public universities. While around 4 in 10 employers say public universities and for-profit colleges offer educations of equal quality, just as many believe public universities are better at preparing students to work in their companies and at providing professional development opportunities for their employees. Very few employers view for-profits as superior to public sector institutions on any measure. (See figure 16.)

Nevertheless, 72 percent of employers who offer their employees tuition support report that such support extends to classes taken at for-profit institutions.

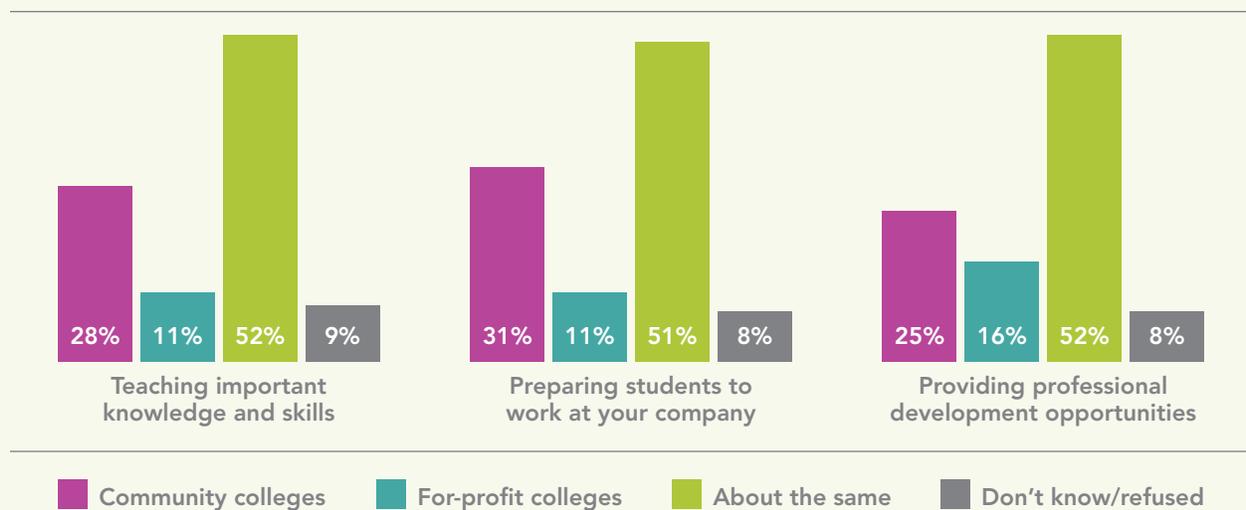
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For full survey results go to: <http://www.publicagenda.org/pages/profitting-higher-education>

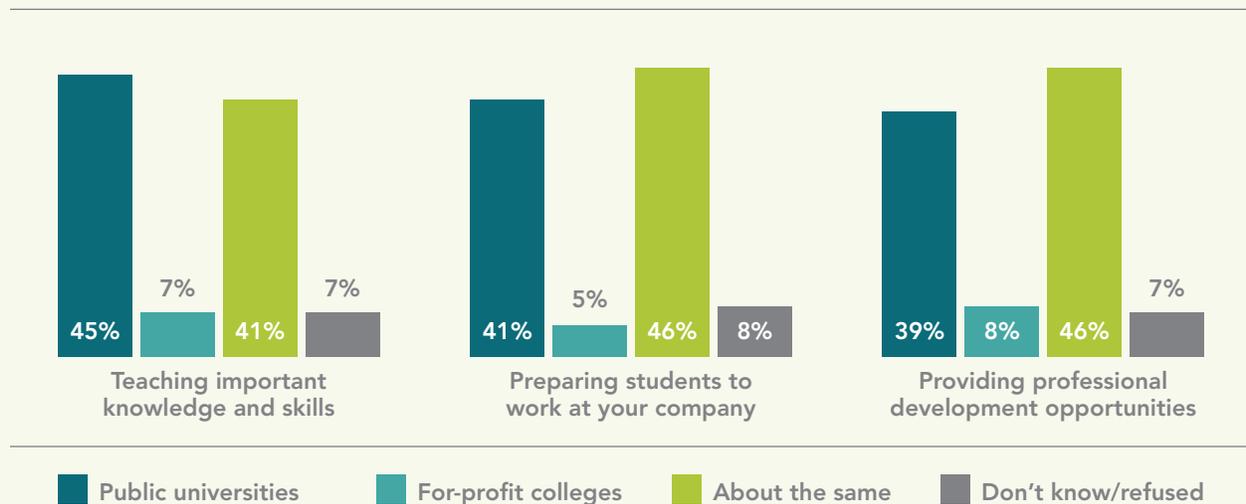
Prior to answering any comparative questions about for-profit sector and public sector schools, employers were given a general definition of for-profit colleges which stated: *For-profit colleges are a growing number of schools that operate as profit-making businesses. Many for-profit colleges are small, private, vocational schools. Some are large, national enterprises such as...*[blanks were filled randomly for each respondent with three school names from a list of the 12 top for-profit schools by total student enrollment in the fall of 2011, according to NCES IPEDS data, retrieved January 2013]

Many employers perceive no differences between for-profit schools and public sector institutions, but those who do, view community colleges and public universities as superior.

**Figure 15: Percent of employers who say either community colleges or for-profit colleges are better at the following:**



**Figure 16: Percent of employers who say either public universities or for-profit colleges are better at the following:**



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## In their own words: What employers say about for-profit colleges

Focus group discussions with employers underscore our survey findings. Some focus group participants argued that it didn't matter to them what type of school applicants graduated from. An employer in El Paso maintained that regardless of where a person's degree was earned, "I want to hire for fit."

But others admitted that they preferred candidates from reputable state schools if such candidates were available. An employer in Los Angeles said that if he saw an applicant with a degree from ITT Technical Institute, "I'd look at the guy, but it is not going to impress me. I mean, I see UCLA and I see ITT, I know who I am going to pick, but I am still going to give the guy the courtesy." A human resources manager for a Philadelphia school district said she had seen graduates of the University of Phoenix who could not get certified to teach. "I worry about their ability to meet the licensing requirements," she said.

Interestingly, focus group discussions also suggest that the for-profit sector's pervasive advertisement and outreach might harm their reputation with employers. Employers often commented negatively on TV commercials they had seen, especially for large for-profit chains such as Everest University, University of Phoenix or DeVry University. They also described the recruitment practices they had heard of or seen as aggressively preying on disadvantaged populations. A human resources manager in Detroit added that she was "constantly harassed" by recruiters from for-profit schools who want to enroll her employees. "They're trying to sign people up because they know that we have tuition percentage reimbursement. They come and sit and they want to bring little trinkets and giveaways and sign up for a class. They don't care if the people stay or get a degree or not. They have a quota."



# QUESTIONS AND CONSIDERATIONS

Emerging from  
This Research

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This study was prompted by the increasing prevalence of for-profit colleges and universities in the higher education sector. While various observers have debated for-profits' value, largely missing from these debates have been the positions of prospective and current for-profit students, for-profit alumni and the employers who might hire them. With this study, we sought to highlight these groups' views and experiences and to bring their perspectives into the national conversation about American higher education.

We conclude with several specific questions and considerations that we think the study suggests deserve further discussion and research:

### 1. Why aren't students considering a wider range of schools? How can they be helped to have a broader view of their options?

Education leaders and policymakers are putting considerable money and effort into making school performance data and other information about college more widely available so that prospective students can examine their options more carefully. Our research, however, suggests that most for-profit students (and community college students as well) are not well informed about their choices and, in fact, once they decide to go to college in the first place, are not really making choices at all. Most consider only one school before enrolling.

Among those who do weigh multiple options, few consider both for-profit and not-for-profit institutions—they typically consider only one type of school. In fact, our surveys reveal a surprising lack of familiarity with the concept “for-profit college” even among for-profit undergraduates and recent alumni, let alone prospective students.

Moreover, we find that only a minority of for-profit students know how much debt students at their schools typically graduate with and what types of jobs and salaries graduates have. In fact, as we discussed in this report's companion publication, “Is College Worth It for Me?,” adult prospective students do not necessarily consider such information essential in their college searches, partly because they don't immediately see how such average school performance data relate to their situation.<sup>29</sup> Nor are adult prospective students aware of interactive websites designed to provide students with comparative information about their higher education

options (for example, the White House College Scorecard, Big Future and Campus Explorer). The majority of for-profit alumni, however, strongly recommend that future students compare colleges on how much debt students typically graduate with and what types of jobs and salaries graduates typically get, before enrolling.

This pattern of results suggests more needs to be done to help future students understand the value of comparing different schools and what parameters to compare. Information alone, however, is unlikely to turn prospective students into comparative decision makers.<sup>30</sup> As we report in “Is College Worth It for Me?,” prospective students want and need more opportunities and supports, online and in person, to better engage with and learn to effectively evaluate quality indicators and other information about colleges and programs. Efforts to support future students should also aim at helping them understand differences in how schools are governed and funded. Adults who are considering college, we observed, found such information meaningful after they had had a chance to learn more about it.

Moreover, our research raises questions about whether more needs to be done to level the playing field of higher education marketing. Most prospective students report learning about colleges through TV commercials and billboard advertisements, and prospective students interested in for-profit schools are particularly aware of advertisements. Currently, for-profit institutions dominate the higher education advertisement arena. For prospective students to be exposed to a broader range of information and choices, not-for-profit schools may need to develop smart ways to communicate through advertising.

<sup>29</sup> Hagelskamp, Schleifer and DiStasi, *Is College Worth It for Me?: How Adults Without Degrees Think About Going (Back) to School*.

<sup>30</sup> Eric P. Bettinger, Bridget Terry Long, Philip Oreopoulos and Lisa Sanbonmatsu, *The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA Experiment*, NBER Working Paper No. 15361 (Cambridge, Mass.: National Bureau of Economic Research, 2009); Amy Bergerson, “College Choice and Access to College: Moving Policy, Research, and Practice to the 21st Century,” ASHE Higher Education Report 35, no. 4 (2009).

## 2. Would for-profit undergraduates be equally as satisfied at public institutions where they might earn an equivalent degree but worry less about costs? Or are they better served at for-profit institutions?

Current for-profit undergraduates express strong satisfaction with their schools and great confidence that getting their degrees will pay off for them. However, they are concerned about the cost of their education—more so than, for example, community college students. And for-profit alumni are ambivalent as to whether the costs and effort of their education were worth it—many blame their schools for not preparing them adequately for the job market.

We also learned that adult prospective students who are interested in for-profits differ somewhat in their expectations and needs from those who are considering only not-for-profit institutions. They are, for example, more likely to be attracted to schools that offer accelerated degree programs, online classes and personal guidance from career counselors, financial aid advisers and tutors.

Could community colleges or public four-year institutions improve their offerings in these respects, still keep tuition costs low and thus become a viable alternative for for-profit students? Many promising initiatives are attempting to make community colleges more labor-market oriented, efficient and cost-effective.<sup>31</sup> Some of this activity is being spurred by increasing competition from the for-profit sector. If successful, these programs could mean significant shifts in the higher education market toward public sector institutions.

At the same time, it may take more than personal support services and clearly structured workplace-oriented programs to make students who are typically drawn to for-profits feel welcome, appreciated and well served in public sector institutions. As part of their reforms, some public colleges and universities may also need to do more to create a culture that embraces career-oriented adult students and signals clearly that all students are expected to succeed.<sup>32</sup>



## 3. How do students' experiences and prospects vary depending on what type of for-profit they are attending and the kind of credential they are pursuing? And do employers' views vary across employment sectors?

Finally, it was beyond the scope of this study to separately analyze and compare the views and experiences of students and alumni from different types of for-profits—for example, less than two-year schools, two-year institutions and four-year universities, or even more nuanced subcategories or examples of for-profits. For-profits vary not only in size and in the types of degrees they offer, but also in the markets they serve and their pedagogical approaches. Moreover, we know that college experiences and labor market outcomes depend on the types of degrees and the areas of interests students pursue.<sup>33</sup> It will be important for future research to find out how the views and experiences of students and other stakeholders vary by these and other factors.

Future analyses should also explore whether the perspectives of employers toward for-profit and other colleges vary depending on employers' job sectors and the types of positions they hire for. Such research can help foster an increasingly sophisticated discussion about the roles and value of for-profit colleges in the higher education sector overall.

<sup>31</sup> Davis Jenkins, "Redesigning Community Colleges for Completion: Lessons from Research on High-Performance Organizations," (New York, NY: Community College Research Center, Columbia University, 2011); Amy Laitinen, "Cracking the Credit Hour," (Washington DC: New America Foundation, 2012); Andrew P. Kelly and Mark Schneider, *Getting to Graduation: The Completion Agenda in Higher Education* (Baltimore: The Johns Hopkins University Press, 2012); Completion by Design, "Completion by Design," (Bill & Melinda Gates Foundation, 2013).

<sup>32</sup> Winkle-Wagner, Rachele and Angela M. Locks. *Diversity and Inclusion on Campus: Supporting Racially and Ethnically Underrepresented Students*. (New York: Routledge, 2013).

<sup>33</sup> For example, Lang and Weinstein, *The Wage Effects of Not-for-Profit and for-Profit Certifications*; Anthony P. Carnevale, Ban Cheah, and Jeff Strohl, *Hard Times, College Majors, Unemployment and Earnings: Not All College Degrees Are Created Equal* (Washington, D.C.: Georgetown University Center on Education and the Workforce, 2012).

# METHODOLOGY

## Summary

The findings in “Profiting Higher Education?” are based on nationally representative surveys with 197 current for-profit college undergraduate students, 249 recent graduates who completed certificates or degrees at a for-profit college and 803 adults who are considering enrolling in college to earn an undergraduate certificate or degree (adult prospective students). This research also included regionally representative surveys with a total of 656 human resources professionals (employers) from four major U.S. metropolitan areas. Interviews with current undergraduates, graduates and prospective students were conducted from February 7 through June 7, 2013, by phone, including cell phones, and online. Data from employers were collected through telephone interviews from April 4 through May 9, 2013. Public Agenda designed the survey instruments and analyzed the data. Data were collected by Social Science Research Solutions, Inc. (SSRS).

Public Agenda also conducted a total of eight pre-survey focus groups across four major metropolitan areas in the United States. Four groups were conducted with human resources professionals and four with adult prospective students. In addition, we conducted four Learning Curve Research (LCR) focus groups with adult prospective students (see below).

## Surveys with students

### Current for-profit undergraduate students

To be eligible to participate in the current for-profit undergraduate survey, respondents needed to be enrolled in a for-profit college with the intention either of earning an undergraduate degree, certificate or other credential or of taking classes but not earning a credential.

Respondents qualified as current for-profit undergraduates if the institution they were enrolled at was listed, in spring 2013, by the National Center for Education Statistics as a for-profit institution.

### Alumni of for-profit colleges

To be eligible to participate in the for-profit alumni survey, respondents needed to indicate that they had graduated with an undergraduate degree, certificate or other credential, between 2006 and 2013, from a for-profit institution.

Respondents qualified as for-profit alumni if the institution they had graduated from was listed, in spring 2013, by the National Center for Education Statistics as a for-profit institution.

### Adult prospective students

For the purpose of this study, adult prospective students are defined as Americans who meet the following criteria:

- They are 18 to 55 years old.
- They do not hold an associate’s or bachelor’s degree (but they may have earned a postsecondary diploma or certificate).
- They are not entering college straight out of high school.
- They are not currently enrolled in any kind of higher education institution.
- They are considering enrolling in a certificate or degree program and say that it is likely that they will do so within two years.

### Fielding

Prior to the beginning of the field period, SSRS screened for qualified respondents for 22 weeks in its weekly dual-frame Excel omnibus survey, which targets 60 percent landline numbers and 40 percent cell phone numbers. At the end of the screening period, SSRS attempted to recontact the qualified respondents so they could complete the survey by phone. In addition, SSRS directly interviewed current undergraduates, alumni and prospective students in the Excel omnibus survey for a period of 12 weeks after the prescreening phase.

Surveys with current undergraduates, alumni and prospective students were also administered through a web panel. The panel was provided to SSRS by ResearchNow. Some undergraduates and alumni from the web panel completed a series of screening questions, then were recontacted to complete the entire survey once it was determined that they attended or had graduated from a qualifying institution. Other web respondents were asked to complete the entire survey immediately after completing the screening questions.

	Total completes	Telephone completes	Online completes
Current for-profit undergraduates	197	100	97
Alumni of for-profit colleges	249	71	178
Adult prospective students	803	566	237

As in all surveys, question order effects and other nonsampling sources of error can affect the results. Steps were taken to minimize these issues, including pretesting the survey instrument and randomizing the order in which some questions were asked.

### Weighting

The final data were weighted to correct for variance in the likelihood of selection for a given case and to balance the sample to known population parameters in order to correct for systematic under- or overrepresentation of different types of students.

	Weight range	Design effect	Margin of sampling error
Current for-profit undergraduates	0.05 – 5.09	1.49	8.40
Alumni of for-profit colleges	0.00 – 9.06	2.45	9.60
Adult prospective students	0.03 – 5.70	1.53	4.27

The initial weighting procedure utilized iterative proportional fitting process, or “raking,” and parameter estimates were drawn from data collected in the Excel omnibus survey. To create population targets, data from all of the weeks in which SSRS screened or collected data in the Excel omnibus survey were raked to general population targets based on the 2012 Current Population Survey (CPS). SSRS then selected all respondents who screened into each of the different groups and used these weighted data as population targets for weighting data from both the phone and online surveys.

For each group, the data were balanced to the following parameters:

- Gender × age
- Gender × region
- Education: high school graduate; some college but no degree; certificate; associate’s degree, bachelor’s degree
- Ethnicity: white; African-American; native-born Hispanic; foreign-born Hispanic; other
- Phone use (for phone respondents): cell phone only; not cell phone only
- Metro status: urban/suburban; rural

To improve accuracy, the weighted sample of current for-profit undergraduates and alumni were then weighted to available known parameters of their respective populations as drawn from the NCES *Beginning Postsecondary Students Longitudinal Study (BPS)* and the NCES IPEDS Fall 2011 data. The only targets available were for gender by age and race. So as to not discard the more extensive targets noted earlier, these new targets were raked to using the final outcome weight of the above procedures as the base weight.

## Survey with human resource professional (employers)

The sample of respondents for the employer surveys was drawn from the Philadelphia, Los Angeles, Detroit and El Paso/Las Cruces metropolitan areas. Interviewees were randomly selected from organizations listed in the Dun & Bradstreet database. SSRS sampled private companies as well as public and not-for-profit organizations with a status code that indicated they were headquarters or a single location (branches were not included), and both subsidiaries and nonsubsidiaries. If available, the name and title of a human resources professional was appended to the sample records.

The Philadelphia sample was drawn from the pool of businesses and organizations in the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD, Core Based Statistical Area (CBSA) that are located in Pennsylvania or New Jersey and have 50 or more employees. The Detroit sample was drawn from the pool of businesses and organizations in the Detroit-Warren-Livonia, MI, CBSA with 50 or more employees. The Los Angeles sample was drawn from the pool of businesses and organizations in the Los Angeles-Long Beach-Santa Ana, CA, CBSA that are located in Los Angeles County and have 50 or more employees. Owing to the smaller number of employers in the El Paso/Las Cruces area, the sample for the El Paso/Las Cruces region was drawn from businesses and organizations with 10 or more employees in El Paso and Hudspeth Counties in Texas, and Dona Ana and Otero Counties in New Mexico.

### Fielding

All interviews were conducted on the telephone. To be eligible to take part in the employer survey, respondents had to indicate that participating in the hiring and recruitment process in their companies or organizations was a major part of their job. Moreover, the current analysis was restricted to employers who said that positions in their business or organizations “sometimes,” “often” or “always” demanded a postsecondary credential.

The response rate for this study was calculated to be 20.4 percent using the American Association for Public Opinion Research RR3 formula.

### Weighting

The final data were weighted to correct for variance in the likelihood of selection for a given case and to balance the sample to known population parameters in order to correct for systematic under- or overrepresentation of meaningful types of businesses and organizations.

The weighting procedure utilized iterative proportional fitting process, or “raking,” and parameter estimates were drawn from the Dun & Bradstreet database. The data were raked as four separate groups to resemble the distribution of the population of organizations in each of the four metro areas.

For each metro area, the data were balanced to the following parameters:

- Number of employees
- Economic sector based on standard industrial classification (SIC) code
- Location
- Status Indicator – single location or headquarters
- Subsidiary Indicator – subsidiary or nonsubsidiary
- Whether or not the name and title of a human resources professional was appended to the record

Final weights ranged between 0.14 and 5.01. The design effect is 1.46. The weight-adjusted margin of error for this survey is +/- 4.18.

## Survey questions about for-profit colleges

Based on our background and qualitative research for this project, we expected that many survey participants, both students and employers, might not be familiar with the term *for-profit college*. We therefore preceded all survey questions that employed the term *for-profit college* with an open-ended question asking respondents, “What comes to mind, if anything, when you hear the term *for-profit college*?” Moreover, we provided the following definition before presenting a set of questions that asked respondents to compare for-profit colleges in general with community colleges and public universities, respectively: *For-profit colleges are a growing number of schools that operate as profit-making businesses. Many for-profit colleges are small, private, vocational schools. Some are large, national*

*enterprises such as...* Blanks were filled randomly for each respondent with three school names from a list of the 12 top for-profit schools by total student enrollment in the fall of 2011, according to NCES IPEDS data, retrieved January 2013. The list included the University of Phoenix, ITT Technical Institute, Ashford University, DeVry University, Kaplan University, the Art Institutes, Strayer University, American Public University, Walden University, Everest University, Grand Canyon University and Capella University.

In addition, we included a set of questions in the employer survey that, without relying on the term *for-profit college*, sought to assess whether employers perceived for-profit schools differently in quality from community colleges, public universities or private not-for-profit schools, respectively. To this end, we presented each employer with names of five higher education institutions in their area—one small, independent for-profit, one national chain or online for-profit, a community college, a public university and a private not-for-profit four-year school—and asked respondents whether they considered the quality of education and training each school provided excellent, good, only fair or poor, or whether they had not heard anything about the school. School names were selected randomly for each respondent from pre-defined lists of up to five schools in each of the five categories. This methodology allowed us to assess and compare employers' perceptions of different types of higher education institutions based on their rating of specific schools instead of explicitly asking employers to generalize across categories. To see the lists of specific schools included in this study, across the four metropolitan areas where the survey was conducted, e-mail Public Agenda at the address on the back cover of this report.

### Pre-survey focus groups with employers and adult prospective students

Prior to the surveys, Public Agenda conducted four focus groups with human resources professionals in Detroit, El Paso, Los Angeles and Philadelphia. All participants reported that they were involved in making hiring decisions in their organizations. Through these conversations, we explored employers' hiring priorities and practices and their views on different kinds of

colleges and universities in their areas, including for-profit colleges, public colleges and online schools. Quotes from these focus groups appear in this report to illustrate the views quantified in the survey. A total of 40 human resources professionals participated in this part of the research.

In addition, we conducted four pre-survey focus groups with adult prospective students in Detroit, El Paso, Los Angeles and Philadelphia. Through these conversations, we explored processes by which adult prospective students research and decide upon their postsecondary educational plans. This data informed the design of the survey instruments.

### Learning Curve Research focus groups with adult prospective students

Public Agenda also conducted four Learning Curve Research focus groups with adult prospective students in Detroit, El Paso, Los Angeles and Philadelphia. LCR focus groups are distinct from standard focus groups in that they are designed to create a deliberative environment in which participants have the chance to express their thoughts and opinions, then confront new information and grapple with its implications. LCR focus groups typically consist of an extended three-hour group conversation, pre- and postgroup surveys and one-on-one follow-up interviews with each participant a few days after the group met.

This project's LCR focus groups sought to examine how adult prospective students react to new information and data about higher education institutions and how their thinking and considerations change after they have had a chance to discuss and deliberate about the information and issues presented. In particular, we employed neutral and descriptive language to introduce participants to the notion of for-profit versus not-for-profit higher education, private and public schools and comparative school performance metrics such as graduation rates, loan default rates and graduates' labor-market outcomes.

Insights from these focus groups are considered in selective sections of this report and in more detail in our companion publication, "Is College Worth It for Me?"

<sup>34</sup> Hagelskamp, Schleifer and DiStasi, *Is College Worth It for Me?: How Adults Without Degrees Think About Going (Back) to School*.

# STUDENT SAMPLE CHARACTERISTICS

Stars indicate a figure less than 0.5 percent. Dashes indicate zero, and an X indicates that the question was not asked of all groups.

	Current for-profit undergraduates N=197 %	For-profit alumni N=249 %	Adult prospective students N=803 %
<b>Gender</b>			
Male	34	35	51
Female	66	65	49
<b>Race/Ethnicity</b>			
White	58	75	57
Black or African-American	19	11	18
Hispanic of any race	15	8	18
Asian	2	2	2
Native American / American Indian / Alaskan Native	3	1	1
Native Hawaiian / Pacific Islander	1	1	1
Other	2	1	2
Refused	1	*	1
<b>Age</b>			
18–24	24	11	50
25–29	19	21	12
30–39	29	28	16
40–49	14	25	14
50–55	13	15	7
Refused	1	--	1
<b>Educational attainment</b>			
High school or GED	23	--	56
Some college (incl. postsecondary diploma or certificate)	77	40	44
Associate's degree	--	28	--
Bachelor's degree	--	33	--

	Current for-profit undergraduates N=197 %	For-profit alumni N=249 %	Adult prospective students N=803 %
<b>Marital status</b>			
Single, never married	36	25	48
Single, living with a partner	17	15	17
Married	29	43	23
Separated	5	2	4
Widowed	2	2	*
Divorced	10	13	7
Refused	1	--	*
<b>Residence with parents [Base: Current and prospective undergraduates who are single, never married]</b>			
Yes	43	X	53
No	57	X	47
Don't know	--	X	*
Refused	--	X	1
<b>Employment status</b>			
Full-time	34	53	42
Part-time	20	10	21
Not employed	44	36	37
Refused	2	--	*
<b>Employer offers tuition assistance [Base: Prospective and current undergraduates who are employed]</b>			
Yes, fully	9	X	11
Yes, partly	16	X	20
No	74	X	64
Don't know	1	X	5
Refused	--	X	*
<b>Paying off own or a child's student loans [Base: Prospective students]</b>			
Yes	X	X	23
No	X	X	75
Don't know	X	X	2
Refused	X	X	*

	Current for-profit undergraduates N=197 %	For-profit alumni N=249 %	Adult prospective students N=803 %
<b>Serving or served in the U.S. Armed Forces</b>			
Yes	14	11	9
No	86	89	90
Don't know	--	--	1
Refused	--	--	*
<b>Receives or received support from the Department of Veteran Affairs to pay for school [Base: Current undergraduates and alumni who are serving or served in the U.S. Armed Forces]</b>			
Yes	43	29	X
No	43	68	X
Not asked	11	4	X
Don't know	4	--	X
<b>Household income</b>			
Less than \$15,000	20	12	17
\$15,000 but less than \$25,000	18	12	17
\$25,000 but less than \$30,000	15	8	11
\$30,000 but less than \$40,000	8	18	12
\$40,000 but less than \$50,000	11	13	10
\$50,000 but less than \$75,000	10	15	11
\$75,000 but less than \$100,000	7	8	5
\$100,000 and over	5	6	4
Don't know	4	6	9
Refused	3	2	3
<b>Household income follow-up [Base: Respondents who refused detailed income question]</b>			
Less than \$50,000	23	25	18
\$50,000 but less than \$100,000	--	10	11
Over \$100,000	--	--	1
Don't know	38	40	46
Refused	38	25	24

	Current for-profit undergraduates N=197 %	For-profit alumni N=249 %	Adult prospective students N=803 %
<b>Metro status</b>			
Urban	52	54	53
Suburban	24	31	22
Rural	22	14	21
Undetermined	2	1	4
<b>Region</b>			
Northeast	15	14	19
North-Central	24	31	23
South	42	29	38
West	18	26	21
<b>Student status [Base: Current undergraduates]</b>			
Full-time	73	X	X
Part-time	26	X	X
Don't know	1	X	X
<b>Years taking classes at current school [Base: Current undergraduates]</b>			
Less than 1 year	43	X	X
1 year but less than 2	31	X	X
2 years but less than 3	16	X	X
3 years but less than 4	8	X	X
4 years but less than 6	1	X	X
6 years or more	--	X	X
Don't know	1	X	X
Refused	1	X	X
<b>Taken out loans to pay for college [Base: Current undergraduates and alumni]</b>			
Yes	70	80	X
No	27	20	X
Don't know	2	--	X
Refused	2	--	X
<b>Type of school attending or attended [Base: Current undergraduates and alumni]</b>			
Less than two-year for-profit	8	18	X
Two-year for-profit	15	24	X
Four-year or more for-profit	77	58	X

# EMPLOYER SAMPLE CHARACTERISTICS

Stars indicate a figure less than 0.5 percent. Dashes indicate zero.

	N=656 %
<b>Gender</b>	
Male	31
Female	69
<b>Race/Ethnicity</b>	
White	55
Hispanic	23
Black or African-American	9
Asian	4
Native American / American Indian	*
Something else	3
Don't know	1
Refused	4
<b>Age</b>	
18-24	1
25-29	6
30-49	45
50-64	34
65 and over	6
Refused	7

	<b>N=656</b> %
<b>Educational attainment</b>	
Less than high school diploma or GED	*
High school diploma or GED	5
Some college but no degree	8
Certificate/diploma from a vocational or technical school	2
Two-year college degree / associate's degree	11
Four-year college degree / bachelor's degree	49
Postgraduate degree (master's or Ph.D.)	25
Don't know	*
Refused	*
<b>Years worked in the current position</b>	
0-4	35
5-9	25
10-24	30
25+	8
Don't know	1
Refused	1
<b>Company's/organization's standard industrial classification (SIC) code</b>	
A: Agriculture, Forestry, And Fishing	*
C: Construction	4
D: Manufacturing	14
E: Transportation, Communications, Electric, Gas and Sanitary Services	5
F: Wholesale Trade	7
G: Retail Trade	11
H: Finance, Insurance and Real Estate	5
I. Services	48
J: Public Administration	5

		N=656 %
<b>Company's/organization's total number of employees</b>		
10-49		12
50-99		38
100-299		33
300-999		11
1000+		6
<b>Region</b>		
Philadelphia		27
Detroit		26
El Paso-Las Cruces		21
Los Angeles		26

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## **Hiring and Higher Ed: Business Executives Talk About the Costs and Benefits of College (2011)**

*Steve Farkas*

Conversations with corporate executives suggest that although they may consider America's higher education system the best in the world, executives believe the challenges of cost, quality and accountability in higher education present great threats to the nation's economic prospects. This report highlights an opportunity for business leaders to engage to a greater extent in education reform.

<http://www.publicagenda.org/pages/hiring-and-higher-education>

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**One Degree of Separation: How Young Americans Who Don't Finish College See Their Chances for Success (2011)**

*Jean Johnson and Jonathan Rochkind with Amber Ott and Samantha DuPont*

This report examines how 26- to 34-year-olds—both those who completed a college degree and those who have not—see their economic prospects.

<http://www.publicagenda.org/pages/one-degree-of-separation>

**Can I Get a Little Advice Here? How an Overstretched High School Guidance System Is Undermining Students' College Aspirations (2010)**

*Jean Johnson and Jonathan Rochkind with Amber Ott and Samantha DuPont*

This report investigates the help young people get from the high school guidance system—and where it falls short.

<http://www.publicagenda.org/pages/can-i-get-a-little-advice-here>

**With Their Whole Lives Ahead of Them: Myths & Realities About Why So Many Students Fail to Finish College (2009)**

*Jean Johnson and Jonathan Rochkind with Amber Ott and Samantha DuPont*

Findings from this report suggest that most of those who don't finish college are paying their own way through school, and often they don't graduate because the juggling act of school, work and family is too much.

<http://www.publicagenda.org/pages/with-their-whole-lives-ahead-of-them>

**Squeeze Play: Continued Public Anxiety on Cost, Harsher Judgments on How Colleges Are Run (2010)**

*John Immerwahr and Jean Johnson with Amber Ott and Jonathan Rochkind*

This report reviews data from a series of national surveys tracking public attitudes on higher education—conducted by Public Agenda for the National Center for Public Policy and Higher Education. It suggests that many Americans are skeptical about whether colleges and universities are doing all that they can to control costs and keep tuition affordable.

<http://publicagenda.org/pages/squeeze-play-2010>

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### About Public Agenda

Public Agenda is a nonprofit organization that helps diverse leaders and citizens navigate divisive, complex issues. Through nonpartisan research and engagement, it provides people with the insights and support they need to arrive at workable solutions on critical issues, regardless of their differences. Since 1975, Public Agenda has helped foster progress on higher education affordability, achievement gaps, community college completion, use of technology and innovation, and other higher education issues.

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### About The Kresge Foundation

The Kresge Foundation is a \$3 billion private, national foundation that works to expand opportunity through grantmaking and investing in arts and culture, education, environment, health, human services, community development and our place-based efforts in Detroit. Fostering greater access to and success in postsecondary education for low-income, minority and first-generation college students is the focus of Kresge's Education grantmaking. In 2012, Kresge awarded more than \$22 million in grants to support higher education in the United States and South Africa, with half benefiting U.S. community colleges.

For more information, visit [kresge.org](http://kresge.org) or follow [@kresgedu](https://twitter.com/kresgedu).



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For more information about this study, and to see full wording and responses for each question referred to in this report, visit: [www.publicagenda.org/pages/profitting-higher-education](http://www.publicagenda.org/pages/profitting-higher-education)

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